



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 12, 2008

H.R. 5856 **Department of Veterans Affairs Medical Facility** **Authorization and Lease Act of 2008**

*As ordered reported by the House Committee on Veterans' Affairs
on April 30, 2008*

SUMMARY

H.R. 5856 would authorize funding for the construction, renovation, improvement, or leasing of several medical facilities by the Department of Veterans Affairs (VA). The bill would specifically authorize the appropriation of \$2.1 billion in 2009 for 11 projects, and \$60 million for leasing 12 clinics or other facilities. CBO estimates that implementing H.R. 5856 would cost \$146 million in 2009 and about \$2.2 billion over the 2009-2013 period, assuming appropriation of the authorized and estimated amounts. CBO estimates that enacting the bill would have no effect on direct spending or revenues.

H.R. 5856 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5856 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars					
	2008	2009	2010	2011	2012	2013
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Major Construction of Veterans Medical Facilities						
Budget Authority ^a	1,135	0	0	0	0	0
Estimated Outlays	525	680	572	343	119	33
Proposed Changes:						
Major Medical Facility Projects						
Authorization Level	0	2,095	0	0	0	0
Estimated Outlays	0	92	563	681	503	191
Leases for Medical Facilities						
Estimated Authorization Level	0	60	22	22	22	22
Estimated Outlays	0	54	25	22	22	22
Total Changes						
Estimated Authorization Level	0	2,155	22	22	22	22
Estimated Outlays	0	146	589	702	524	212
Spending Under H.R. 5856						
Estimated Authorization Level ^a	1,135	2,155	22	22	22	22
Estimated Outlays	525	826	1,161	1,045	643	245

a. The 2008 level is the amount appropriated for that year.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted before the end of fiscal year 2008, that the authorized and estimated amounts will be appropriated near the start of each fiscal year, and that outlays will follow historical spending patterns for similar programs.

H.R. 5856 would authorize appropriations for major construction and leasing of medical facilities by VA. It also would require VA to prepare reports addressing specific construction issues. CBO estimates that implementing H.R. 5856 would cost about \$2.2 billion over the 2009-2013 period, assuming appropriation of the necessary amounts.

Major Medical Facility Projects

Sections 2, 3, and 5 would authorize work on a number of medical facility projects. CBO estimates that implementing those three sections would cost \$2 billion over the 2009-2013 period, assuming appropriation of the authorized amounts.

Section 3 would authorize the appropriation of about \$1.7 billion in 2009 for additional funding for construction, renovation, repairs, and upgrades to seven major projects that were previously authorized under Public Law 109-461.

Section 2 would authorize the appropriation of \$346 million in 2009 for three new construction projects including a polytrauma center in San Antonio, Texas, and seismic corrections to facilities in Palo Alto, California, and San Juan, Puerto Rico.

Section 5 would authorize the appropriation of \$55 million in 2009 to construct a new medical facility in Okaloosa county, Florida.

Leases for Medical Facilities

Section 4 would authorize the Secretary of VA to lease facilities for 10 outpatient clinics, a primary care annex, and a research laboratory. The bill would authorize the appropriation of \$60 million in 2009 for lease payments for the first year. Based on information from VA's 2009 budget request, CBO estimates that VA would enter into 20-year lease agreements for those facilities, and that VA would have additional costs of about \$22 million a year starting in 2010. (Costs are higher in 2009 than other years because VA would pay the lessors additional amounts in the first year of the lease for necessary improvements and upgrades.) Thus, CBO estimates that implementing this section would cost \$145 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

Other Provisions

Section 7 would require VA to prepare a report on its progress in appointing a Director of Construction and Facilities Management. Section 8 would require VA to prepare an annual report on outpatient clinics. CBO estimates that implementing those provisions would have an insignificant impact on discretionary spending.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5856 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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